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LIWAYWAY MARKETING CORPORATION v. OISHI GROUP PUBLIC CO LTD

FEDERAL COURT, PUTRAJAYA
ARIFIN ZAKARIA CJ
AHMAD MAAROP FCJ
B RAMLY ALI FCJ
BALIA YUSOF WAHI FCJ
JEFFREY TAN FCJ
[CIVIL APPEAL NO: 02(i)-57-09-2015]
27 MARCH 2017

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INTELLECTUAL PROPERTY: *Trade Marks – Registered trade mark – Expungement – Application to expunge from Register – Allegation of non-use of trade mark – Whether established – Pre-requisites under s. 46(1)(b) of Trade Marks Act 1976 – Whether satisfied – Market survey report – Whether covered required period – Whether prima facie case of non-use of trade mark established – Trade*
D *Marks Act 1976, ss. 37, 45 & 46*

The appellant ('Liwayway'), was a company incorporated in the Philippines and was the registered owner of the trade mark 'Oishi' in class 30 and class 43 on the register of trade marks, whilst the respondent ('Oishi Group') was
E a public company incorporated in Thailand and was in the business of manufacturing and producing non-alcoholic beverages, aerated water, fruit juices, ready-to-drink green tea and carbonated drinks under its trade mark 'OISHI'. Oishi Group applied for the registration of its trade mark in class 32 but was rejected on the ground that Oishi Group's trade mark was similar to Liwayway's trade mark which had already been registered and will lead
F to public deception and cause confusion. Thus, Oishi Group filed an originating summons pursuant to ss. 45(1)(a) and 46(1) read with s. 10 of the Trade Marks Act 1976 ('the Act') to expunge Liwayway's registered trade mark on the grounds of non-use of the trade mark and that the entries were made without sufficient cause and therefore wrongfully remained on the
G register of trade marks. The Judicial Commissioner ('JC') ruled in favour of Oishi Group having been satisfied that based on the market survey report, conducted by Dna Risk Sdn Bhd, Oishi Group had established a *prima facie* case of non-use. The JC held that the survey report had complied with the minimum requirement set out in *Imperial Group Plc v. Philip Morris Ltd & Anor*
H ('Whitford guidelines'). The decision was affirmed by the Court of Appeal. Hence, Liwayway obtained leave of the court to refer two questions of law to the Federal Court: (i) whether there was aggrievedness to sustain a rectification action under s. 46(1)(b) of the Act against a registered trade mark in a given class when non-use was purportedly shown in respect of goods of
I another registered mark in a different class of the same registered owner; and (ii) whether the 'continuous period of not less than three years' of s. 46(1)(b) may be truncated and computed segmentally such that non-use of the registered mark is proved by sowing non-use for only a part of the duration of the three years up to one month before the filing of the rectification action.

Held (allowing appeal with costs)
Per Balia Yusof Wahi FCJ delivering the judgment of the court:

(1) The compliance or fulfilment of the Whitford guidelines does not automatically translate into a case where the *prima facie* burden of proof had been discharged. Sufficiency and the weight to be attached to its content is a matter of evidential evaluation by the trial judge. (paras 22 & 28)

(2) The market survey report conducted by Dna Risk Sdn Bhd tendered by Oishi Group was defective because (i) the market survey was in respect of class 30 goods only; and (ii) the survey did not cover the requisite continuous period of three years up to one month before the date of the application. Pursuant to s. 46(1)(b) of the Act, the relevant period for the survey would be between 19 January 2010 and 19 January 2013. However, the report only covered a period of ten days and it did not reflect or answer the pertinent question of whether there was non-use after 22 August 2011 and of the end of the three year period, 19 January 2013. Hence, the survey was inconclusive and did not meet the threshold requirements as laid down in the Whitford guidelines. (paras 31, 32 & 34)

(3) The lack and insufficient coverage in the report meant that Oishi Group had not discharged the burden of proving a *prima facie* case of non-use of Liwayway's registered trade mark in respect of the class of goods. Therefore, there was no requirement for Liwayway, as the registered proprietor of the trade mark, to show that it had used the trade mark upon any of the goods. Accordingly, the JC erred in finding that there was a *prima facie* case of non-use and that the burden then shifted to Liwayway to prove use of the trade mark. (paras 35 & 36)

(4) Both the High Court and the Court of Appeal had erroneously interpreted s. 46(1)(b) of the Act. The JC erred in taking into consideration Liwayway's assertion of 'use' of the trade mark and weighing the same including Liwayway's admission to the effect that it had temporarily ceased the use of its trade mark sometime in 2009 'to make readjustment in the formulation of their products to suit the local Malaysians as most of the target customers in Malaysia are the Malay Muslims'. The temporary cessation was due to the application for halal certification. On the evidence and factual matrix of the case, the pre-requisites of s. 46(1)(b) had not been satisfied. Hence, the court found it unnecessary to answer the questions posed. (paras 39, 41 & 42)

***Bahasa Malaysia** Headnotes*

Perayu ('Liwayway'), adalah syarikat yang ditubuhkan di Filipina dan merupakan pemilik berdaftar cap dagangan 'Oishi' dalam kelas 30 dan 43 dalam daftar cap dagangan, manakala responden ('Oishi Group') adalah syarikat awam yang ditubuhkan di Thailand dan menjalankan perniagaan

pengilangan dan pengeluaran minuman tidak beralkohol, air berudara, jus buah-buahan, teh hijau sedia diminum dan minuman berkarbonat bawah cap dagangannya 'OISHI'. Oishi Group memohon untuk pendaftaran cap dagangannya dalam kelas 32 tetapi ditolak atas alasan bahawa cap dagangan Oishi Group serupa dengan cap dagangan Liwayway yang telah pun berdaftar dan akan menjurus pada penipuan umum dan mengakibatkan kekeliruan. Oleh itu, Oishi Group memfailkan saman pemula menurut ss. 45(1)(a) dan 46(1) dibaca bersama-sama dengan s. 10 Akta Cap Dagangan 1976 ('Akta') untuk menghapuskan cap dagangan berdaftar Liwayway atas alasan tiada penggunaan cap dagangan tersebut dan kemasukannya dibuat tanpa sebab yang mencukupi dan dengan itu dikekalkan secara salah dalam daftar. Pesuruhjaya Kehakiman ('PK') memutuskan berpihak kepada Oishi Group setelah berpuas hati bahawa berdasarkan laporan kajian pasaran, yang dijalankan oleh Dna Risk Sdn Bhd, Oishi Group telah membuktikan kes *prima facie* ketidakpenggunaan. Pesuruhjaya Kehakiman memutuskan bahawa kajian pasaran tersebut memenuhi keperluan minima yang dinyatakan dalam kes *Imperial Group plc v. Philip Morris Ltd & Anor* ('panduan Whitford') Keputusan itu disahkan oleh Mahkamah Rayuan. Dengan itu, Liwayway memperoleh kebenaran mahkamah untuk merujuk dua persoalan undang-undang ke Mahkamah Persekutuan: (i) sama ada wujud perasaan terkilan untuk mengekalkan tindakan pembetulan bawah s. 46(1)(b) Akta terhadap cap dagangan berdaftar dalam kelas tertentu apabila tiada penggunaan ditunjukkan berkaitan barangan cap dagangan lain dalam kelas yang berbeza bagi pemilik berdaftar yang sama; dan (ii) sama ada 'tempoh berterusan tidak kurang dari tiga tahun' dalam s. 46(1)(b) boleh terpenggal dan dibahagikan supaya ketidakpenggunaan cap dagangan dibuktikan dengan taburan ketidakpenggunaan bagi hanya sebahagian tempoh tiga tahun tersebut sehingga sebulan sebelum pemfailan tindakan pembetulan.

Diputuskan (membenarkan rayuan dengan kos)
Oleh Balia Yusof Wahi HMP menyampaikan penghakiman mahkamah:

(1) Pematuhan atau pemenuhan panduan Whitford tidak secara automatik menjadikan kes tersebut sebagai kes di mana beban pembuktian *prima facie* dilepaskan. Kecukupan dan berat yang perlu diletakkan pada kandungannya adalah perkara berkaitan dengan penilaian keterangan oleh hakim bicara.

(2) Kajian pasaran yang dijalankan oleh Dna Risk Sdn Bhd yang dikemukakan oleh Oishi Group adalah cacat kerana (i) kajian pasaran tersebut berkait dengan barangan kelas 30 sahaja; dan (ii) kajian tersebut tidak merangkumi keperluan tempoh berterusan tiga tahun sehingga sebulan sebelum tarikh permohonan. Menurut s. 46(1)(b), tempoh relevan bagi kajian tersebut adalah antara 19 Januari 2010 dan 19 Januari 2013. Walau bagaimanapun, laporan tersebut hanya merangkumi tempoh sepuluh hari dan ia tidak menggambarkan atau menjawab persoalan penting sama ada wujud ketidakpenggunaan selepas

22 Ogos 2011 dan di akhir tempoh tiga tahun, 19 Januari 2013. Dengan itu, kajian itu tidak konklusif dan tidak memenuhi keperluan nilai ambang yang dinyatakan dalam panduan Whitford.

(3) Ketiadaan dan kekurangan liputan dalam laporan bermaksud bahawa Oishi Group tidak melepaskan beban pembuktian kes *prima facie* bagi ketidakpenggunaan cap dagangan berdaftar Liwayway berkaitan dengan kelas barangan tersebut. Oleh itu, tiada keperluan bagi Liwayway, sebagai pemilik berdaftar cap dagangan tersebut, untuk menunjukkan bahawa ia telah menggunakan cap dagangan tersebut bagi mana-mana barangan. Oleh itu, PK terkhilaf dalam dapatannya bahawa terdapat kes *prima facie* ketidakpenggunaan dan bahawa beban berpindah kepada Liwayway untuk membuktikan penggunaan cap dagangan tersebut.

(4) Kedua-dua Mahkamah Tinggi dan Mahkamah Rayuan khilaf dalam pentafsiran s. 46(1)(b) Akta. Pesuruhjaya Kehakiman khilaf apabila mengambil kira penegasan Liwayway mengenai 'penggunaan' cap dagangan dan mempertimbangkannya termasuk pengakuan Liwayway bahawa ia menghentikan sementara penggunaan cap dagangannya sekitar 2009 'to make readjustment in the formulation of their products to suit the local Malaysians as most of the target customers in Malaysia are the Malay Muslims'. Pemberhentian sementara adalah kerana permohonan bagi pensijilan halal. Atas keterangan dan matriks fakta kes, prasyarat s. 46(1)(b) tidak dipenuhi. Dengan itu, mahkamah mendapati tidak perlu menjawab soalan-soalan yang dikemukakan.

Case(s) referred to:

Carnival Cruise Lines, Inc. v. Sitmar Cruises Ltd (1994) 120 ALR 496 ***(refd)***

E-Toyo Global Stationery Sdn Bhd v. Toyo Ink Sdn Bhd & Anor [2004] 7 CLJ 368 HC ***(refd)***

Godrej Sara Lee Ltd v. Siah Teong Teck & Anor (No 2) [2008] 7 CLJ 24 HC ***(refd)***

Interflora Inc and Another v. Marks and Spencer plc [2013] EWCA Civ 319 ***(refd)***

Lam Soon Edible Sdn Bhd v. Hup Seng Perusahaan Makanan (M) Sdn Bhd [2010] 5 CLJ 975 HC ***(refd)***

LB (Lian Bee) Confectionary Sdn Bhd v. QAF Ltd [2012] 3 CLJ 661 FC ***(refd)***

Marks and Spencer Plc v. lnterflora Inc and Another [2012] EWCA Civ 1501 ***(refd)***

McLaren International Ltd v. Lim Yat Meen [2009] 4 CLJ 749 FC ***(refd)***

Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia; Pendaftar Cap Dagangan Malaysia (Interested Party) [2015] 9 CLJ 125 FC ***(refd)***

Re Arnold D Palmer In The Matter Of Trade Mark Registration No 63249 (1986) 1 LNS 11 ***(refd)***

Re Hudsons Trade Mark [1886] 32 Ch D 311 ***(refd)***

Legislation referred to:

Trade Marks Act 1976, ss. 10, 45(1)(a), 46(1)(b)

For the appellant - Indran Shanmuganathan, Michelle CY Loi, Yap Khai Jian; M/s Shearn Delamore & Co

For the respondent - Bahari Yeow Tien Hong & Lim Zhi Jian; M/s Lee Hishamuddin Allen & Gledhill

[Editor's note: Appeal from Court of Appeal; Civil Appeal No: W-02(IPCV)(A)-674-04-2014 (overruled).]

Reported by S Barathi

JUDGMENT

Balia Yusof Wahi FCJ:

[1] The appellant Liwayway Marketing Corporation (Liwayway) is a company incorporated in the Philippines and is the registered owner of the trade mark 'Oishi' in class 30 and class 43 on the Register of Trade Marks. The details of Liwayway's registered marks are as follows:

(i) Registered Trade Mark Number 00010944 in Class 30 (for snack food products such as prawn crackers, potato flakes, potato fries etc) registered since 10 August 2000;

(ii) Registered Trade Mark Number 04009312 (for potato chips, meat, fish poultry etc) registered since 8 July 2004;

(iii) Registered Trade Mark Number 05004420 in Class 43 (for services for providing food and drink) registered since 25 March 2005; and

(iv) Registered Trade Mark Number 05021787 in Class 30 (for coffee, tea, cocoa, sugar, rice etc) registered since 23 December 2005.

[2] The respondent Oishi Group Public Limited Company (Oishi Group) is a public company incorporated in Thailand and is in the business of manufacturing and producing non-alcoholic beverage, aerated water, fruit juices, ready to drink green tea and carbonated drinks under its trade mark 'O1SHI'.

[3] On 24 October 2011, Oishi Group applied to the Registrar of Trade Marks for the registration of its trade mark 'OISHI' in class 32 but was rejected because Liwayway's trade mark had already been registered in the Register of Trade Marks. The Registrar's refusal to the application was premised on the ground that Oishi Group's trade mark was similar to Liwayway's trade mark and this would lead to public deception and cause confusion.

[4] Oishi Group then filed an originating summons dated 19 February 2013 to expunge Liwayway's registered trade marks on the ground of non use of the said trade mark and that the entries were made without sufficient cause and therefore wrongfully remaining in the Register of Trade Marks. The application was made pursuant to ss. 45(1)(a) and 46(1) read with s. 10 of the Trade Marks Act 1976 (Act 175)

[5] The issues arising in the application as determined by the learned JC were as follows:

(i) whether the plaintiff is an aggrieved party within the meaning of ss. 45 and 46(1) of Act 175;

(ii) whether the defendant's trade marks should be expunged for non-use; and

(iii) whether the defendant's trade marks are entries made in the Register without sufficient cause and are therefore wrongfully remaining in the Register.

[6] At the conclusion of the hearing, the learned JC ruled in favour of Oishi Group and gave an affirmative answer to the three abovesaid issues. Oishi Group's application was allowed.

[7] On appeal to the Court of Appeal, Liwayway's appeal was dismissed with costs and the decision of the learned JC was affirmed.

[8] Leave was granted to Liwayway to refer the following two questions of law to this court:

(a) Whether there is aggrievedness to sustain a rectification action under s. 46(1)(b) of the Trade Marks Act 1976 against a registered trademark in a given Class when non-use is purportedly shown in respect of goods of another registered mark in a different class of the same registered owner;

(b) Whether the period of "continuous period of not less than three years" of s. 46(1)(b) may be truncated and computed segmentally such that non-use of the registered mark is proved by showing non-use for only a part of the duration of the three years up to one month before the filing of the rectification action.

Our Decision

[9] This appeal is centered solely on the provisions of s. 46(1)(b) of Act 175 which read:

> 46(1) Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground:
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> (a) ..., or
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> (b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

[10] In dealing with the issue of aggrievedness, learned counsel for Liwayway submitted that in order to satisfy the test as to whether the applicant falls within the definition of "a person aggrieved" in the said provision, Oishi Group must first show that it has either used before a mark that is identical with or similar to the registered mark sought to be expunged or at the very least had a genuine intention to use the mark in the near future.

[11] Our courts are replete with decisions on this issue. We will start with the case of *McLaren International Ltd v. Lim Yat Meen* [2009] 4 CLJ 749 wherein this court upon considering the judgment of Chan Sek Keong JC in *Re Arnold D Palmer* [1986] 1 LNS 11; [1987] 2 MLJ 681 and the authorities cited therein, agreed that:

> A person aggrieved is a person who has used his mark as a trademark - or who has genuine and present intention to use his mark as a trademark - in the course of a trade which is the same or similar to trade of owner of the registered trade mark that the person wants to have removed from the register.

[12] Mc Larren International was referred to and reaffirmed in the case of *LB (Lian Bee) Confectionary Sdn Bhd v. QAF Ltd* [2012] 3 CLJ 661. At p. 671 of the report, this court had explained the following:

> A "person aggrieved" under s. 46(1) of the TMA need not be a person with any specific right. A "person aggrieved" in this context may include someone with simply a *bona fide* intention to use a trade mark that is registered but which has not been used by the registered proprietor or any registered user for a continuous period of not less than three years up to one month before the date of an application under s. 46(1)(b) of the TMA to expunge. On this point in the case of *McLaren International Ltd v. Lim Yat Meen* [2009] 4 CLJ 749, Abdul Aziz Mohamad FCJ in delivering the judgment of this court had this to say:
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> > [21] *Re Arnold D Palmer* is an authority (out of several) that is heavily relied on by the respondent to deny that the appellants are a person aggrieved. In that case, the applicant sought the removal from the register of a trade mark on the ground of non-user. On whether the applicant was a person aggrieved, Chan Sek Keong JC, after considering the speeches of Lord Herschell and Lord Watson in the *House or Lords in Powell's Trade Mark* [1894] 11 RPC 4; [1984] AC 8, and the manner in which subsequent judges reacted to the opinions of the said Law Lords in Lever Bros, *Port Sunlight Ltd v. Sunniwite Products Ltd* [1949] 66 RPC 84, *Consort Trade Mark* [1980] RPC 160, and *Wells Fargo Trade Mark* [1977] RPC 503 concluded as follows: On the basis of these decisions, it is plain that the applicant will fail in this appeal unless he can show that he has used his trade mark in the course of a trade which is the same as or similar to that of the respondents or that he has a genuine and present intention to use the mark as a trademark. But the evidence shows none of these things, as the Registrar has found ...

> [22] We understand that passage as lying down the principle that a person aggrieved is a person who has used his mark as a trademark – or who has a genuine and present intention to use his mark as a trademark – in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register. (emphasis added)

Thus a "person aggrieved" may have no rights at all but merely a genuine intention to use a trade mark that is registered but which has not been used by the registered proprietor.

[13] More recently, in the case of *Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia; Pendaftar Cap Dagangan Malaysia (Interested Party)* [2015] 9 CLJ 125; [2015] 6 MLJ 465, Azahar Mohamad FCJ delivering the judgment of this court reiterated:

> A person aggrieved is a person who has used his mark as a trademark or who has genuine and present intention to use his mark as a trademark in the course of a trade which is the same as or similar to the registered trademark that the person wants to have removed from the register. The person must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered trademark. The interest and right must be legal or lawful.

[14] The learned JC found that Oishi Group was an aggrieved person and this was confirmed by the Court of Appeal. In so confirming, the Court of Appeal stated as follows:

> [49] The evidence adduced before the High Court showed that the Plaintiff applied for registration of its trade mark in 2011 and its use of the trade mark in Malaysia was in 2013. Both dates fell within the period that the Plaintiff claimed the Defendant was not using the Defendant's trade marks in Malaysia.
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> [50] The Plaintiff had shown evidence that it was or was in the process of importing for sale in Malaysia its goods bearing its trade marks. Hence, there had been shown a genuine intention on the part of the Plaintiff to use the Plaintiff's trade mark in Malaysia.
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> [51] The fact that the Plaintiff's application to register its trade mark was objected to show that there was basis for its concern that unless the Defendant's trade marks were removed from the Register, the Plaintiff ran the risk of having action taken against it by the Defendant for use of the Plaintiff's trade marks on the goods it was importing into and selling in this country.
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> [52] In those circumstances we were of the considered view that there was no reason to disturb the finding of fact made by the leaned Judicial Commissioner (guided by the decision of the Federal Court in *Lian Bee*) that the Plaintiff was an aggrieved person.

[15] Earlier, the Court of Appeal found that Oishi Group was not using Liwayway's trade mark as the only similarity was the word 'Oishi'. Visually too, the Court of Appeal said there was a marked difference between the two trade marks after comparing the word 'Oishi' which appears in both Oishi Group's and Liwayway's trade marks.

[16] Learned counsel for Liwayway further submitted that not only the trade marks were not dissimilar, but also claimed that Oishi Group was a subsequent user of the trade mark. Liwayway was the first to assert its rights *via* the trade mark filing/registration which was done in the absence of any prior user at that point of time. Oishi Group's trade mark only came to be used in 2013, long after Liwayway had used and registered its trade mark in 2003. Based on that, it was submitted that Liwayway ought to be recognised as the common law proprietor of the trade mark, making reference to the English Chancery Division case of *Re Hudsons Trade Mark* (1886) 32 Ch D 311 where Cotton LJ said that a person who first designed and first printed or formed a trade mark was to be considered as the proprietor of it.

[17] A similar view was taken by the Federal Court of Australia in *Carnival Cruise Lines Ltd v. Sitmar Cruises Ltd* (1994) 120 ALR 496 wherein a passage from the aforesaid judgment of Cotton LJ in *Re Hudsons Trade Mark (supra)* was quoted:

> ... and if there is no one else who has used it, or who can be interfered with by the registration and subsequent assertion of title to the mark, then he is to be considered as entitled within the meaning of the Act to the exclusive use of that which in fact has never been in any way used, but which has only been designed by him, and which he can be treated as the person entitled to register, if no one else had so used it as that his user would be interfered with by the registration.

[18] In the present case, it is clear that Oishi Group was a subsequent user of the trade mark and could not claim to be a person aggrieved.

[19] In an application of this nature, it was incumbent on the part of Oishi Group to establish the factum of non user on the part of Liwayway. *Kelly's Law of Trade and Mark Names* 12th edn. states that "where the applicants for rectification furnished no evidence as to the manner of trading under the respective marks, they were held not to have discharged the onus."

[20] Ramly Ali J (as he then was) in *Godrej Sara Lee Ltd v. Siah Teong Teck & Anor (No. 2)* [2008] 7 CLJ 24 had the following to say on the onus upon an applicant for rectification:

> [19] Case law has suggested that all the applicant for rectifications has to prove at the outset is *prima facie* case of non-use. Once this is done, the burden falls upon the registered proprietor being the 1st respondent (in the present case) to show evidence of use during the material period of time (*Trina Trade Mark* [1977] RPC 131).

[21] The evidence tendered by Oishi Group before the learned JC in the High Court and her finding may be gleaned from the following passages of the learned JC's grounds of judgment: A

> [18] The plaintiff had commissioned Dna Risk Sdn Bhd to perform an independent inquiry and market surveys on any "Oishi" goods of the defendant in the market. The report, the Inquiry and Market Report (see exh. P-3) seeks to establish *prima facie* evidence of non-use of the defendant's trade marks. From the executive summary of exh. `13-3', the market survey was done between 11 August 2011 to 22 August 2011 in three locations, Kiang Valley, Johor and Penang where 260 outlets were visited. These outlets include hypermarkets, supermarkets, mini-markets, Chinese medicinal halls, convenience stores, wet markets and wholesalers. B C
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> [19] The survey seeks the availability of "Oishi" products such as savoury snacks, crackers, candies, beverages in the 260 outlets. However during the said market survey, there were no "Oishi" products found in the retail outlets. Upon interviewed, the outlets owners, outlet managers and outlet assistants confirm that they have never heard of and are not aware of " Oishi" products in the Malaysian markets. D
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> [20] Premised on the said survey report in exh. P3, I am of the considered opinion that the plaintiff has established a prima facie case of non-use. With regards to the survey report itself, I agree with the plaintiff's submission that the said independent survey report has complied with the minimum requirements set out in *Imperial Group Plc v. Philip Morris Ltd & Anor* [1984] RPC 293 as applied by Justice Azahar Mohamed in *Lam Soon Edible Sdn Bhd v. Hup Seng Perusahaan Makanan (M) Sdn Bhd* [2010] 5 CLJ 975. The survey was done at 260 outlets in three major locations in Malaysia. Even if the Klang Valley, Johor and Penang are not reflective of the whole nation, if the defendant's mark cannot be found in these major locations, I doubt very much if the same can be found in an obscure location in the small town of Song in Sarawak. E F

[22] The learned JC agreed with Oishi Group that Dna Risk Sdn Bhd's market survey met the guidelines set out in *Imperial Group Plc v. Philips Moris Ltd (supra)*. In that case, Whitford J laid out guidelines for the conduct of surveys for trade marks matters. The guidelines (commonly known as the "Whitford guidelines") were summarised by the English Court of Appeal in *Marks and Spencer Plc v. Interflora Inc and Another* [2012] EWCA Civ. 1501 as follows: G H

> i) if a survey is to have any validity at all, the way in which the interviewees are selected must be established as being done by a method such that a relevant cross-section of the public is interviewed;
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> ii) any survey must be of a size which is sufficient to produce some relevant result viewed on a statistical basis; I

iii) the party relying on the survey must give the fullest possible disclosure of exactly how many surveys they have carried out, exactly how those surveys were conducted and the totality of the number of persons involved, because otherwise it is impossible to draw any reliable inference from answers given by a few respondents.

iv) the questions must not be leading; and must now direct the person answering the question into a field of speculation upon which that person would never have embarked had the question not been put;

v) exact answers and not some sort abbreviation or digest of the exact answer must be recorded;

vi) the totality of all answers given to all surveys should be disclosed, and

vii) the instruction given to interviewers must also be disclosed.

[23] The Court of Appeal agreed wholly with the findings of the learned JC on non use by Liwayway and considered the market survey report conducted by Dna Risk Sdn Bhd tendered by Oishi Group in exh. P3. The Court of Appeal in its judgment concluded:

> [56] Our examination of Dna's survey report showed that the methodology used by Dna involved instructions to the interviewers to inspect "available food and beverages sections/aisles as well as other areas in the outlets" for any Oishi products. The interviewers were also instructed to question and interview "Proprietors, sales representatives, outlet supervisors and outlet managers" on the availability of Oishi products. Then, if any Oishi products was found, the interviewees would be asked on the "possible usage of the trademark, duration of trademark use, types of products it is used on, price ranges for the products and any other relevant information." The interviewers were also directed to make random inquiries to wholesales. Clearly guideline (vii) of the Whitford guidelines had been complied with.
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> [57] As it turned out, the interview never went past the first question of whether the interviewees had had ever heard of Oishi products, as all the interviewees gave answers in the negative. In our view guidelines (iv), (v) and (vi) of the Whitford guidelines had been satisfied.
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> [58] The market survey report showed that Dna had chosen to conduct the survey in the Klang Valley, Penang and Johor Bahru. We did not think that it could be disputed that these would be the three most suitable locations for conducting surveys of the penetration of any goods/products in trade.
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> [59] Furthermore, the survey report also listed out the local areas in which the survey was conducted. The survey was conducted in 17 local areas in the Klang Valley, 14 local areas in Johor Bahru and 8 local areas in Penang, involving 260 outlets. These consisted of supermarkets, mini-markets, Chinese medicinal halls, and wet markets. In other words, a cross-section of the retail outlets in the three location. The names and addresses of these outlets were set out in the report.

[60] The report also contained the names of persons interviewed wherever available. Where names were not provided by the interviewees, the report made a note of that.

[61] In our view, the report had met guidelines (i), (ii) and (iii) of the Whitford guidelines.

[24] The concurrent findings of the two courts below on the acceptability and sufficiency of the survey report was severely criticized by learned counsel for Liwayway as follows:

(a) Only summarised versions of the answers by the interviewees were disclosed. Claims by few interviewees that they had worked for more than three years were inconsistent with the evidence of use produced by Liwayway even before the commencement of the requisite period on non user. Further, these claims could not be verified;

(b) There is no evidence the data compiled by Dna Risk Sdn Bhd have been accepted as authoritative source of information or data by the court in Malaysia. In fact, there was no introduction of Dna Risk Sdn Bhd at all in the report or who its investigators were along with their credentials or experience. The reliability of this market survey is put to further question when it had, at the beginning of its report at stated that "No other party may rely on this report for any purpose. ... DNA makes no representation or warranties with respect to the contents or use of this report ... DNA reserves the right to amend or change this report, at any time";

(c) There is no evidence on how the report was derived or data collected;

(d) There is no evidence that said alleged data was collated from outlets which in turn constituted a cross section of the relevant trade in Malaysia or from a wide enough spread of geographical location to represent a cross section of the public or those in trade conducting business in relation to class 30 goods.

[25] We pause here to note that the English Court of Appeal in *Marks and Spencer Plc v. Interflora Inc. and Another (supra)* held that an applicant seeking permission to carry out a survey should provide (i) the results of any pilot survey; (ii) evidence that the further survey will comply with the Whitford guidelines, and (iii) the costs of carrying out the pilot and estimate cost of the further survey. An applicant seeking permission to call witnesses who responded to a survey or other experiment (which would cover witness collection exercises) should: (i) provide the draft witness statements; (ii) show their evidence will be of real value; (iii) identify the survey/other experiment and give full disclosure on the circumstances of the survey and all answers received; (iv) disclose how the proposed witnesses were selected from the survey respondents; and (v) state the cost of the pilot survey and estimated cost of any further work in relation to the witnesses.

[26] Some six months later in *Interflora Inc and Another v. Marks and Spencer Plc* [2013] EWCA Civ 319 (*Interflora 2*), the Court of Appeal gave another judgment in the same *Interflora v. Marks and Spencer* litigation, giving further guidance on the acceptance of evidence in market survey cases. Lewison CJ held that a judge should not let in evidence unless the party seeking to call that evidence satisfies the judge (a) that it was likely be of real value; and (b) that the likely value of the evidence justified the cost.

[27] It is apparent from the judgment of the learned JC that she heavily relied on the evidence from exh. P3. Her analysis of the quality of the raw data contained in the report was flawed in that she applied too lax a test and accepted *in toto* the market survey report in exh. P3. A similar test was also adopted by the Court of Appeal.

[28] In our view, compliance or fulfilment of the Whitford guidelines does not automatically translate into a case where the *prima facie* burden of proof has been discharged. Sufficiency and the weight to be attached to its content is a matter of evidential evaluation by the trial judge.

[29] Learned counsel for Liwayway contended that Oishi Group had not discharged its onus of proof of non use between the relevant period, that is, between 19 January 2010 and 19 January 2013. Unless and until such burden of proof was discharged, the court was not even obliged or need not consider evidence of use of the registered trade mark by Liwayway.

Failure on the part of Oishi Group would mean the consequent dismissal of its rectification action under s. 46(1)(b) for want of proof.

[30] In *E-Toyo Global Stationery Sdn Bhd v. Toyo Ink Sdn Bhd & Anor* [2004] 7 CLJ 368, Ramly Ali J (as he then was) opined:

> If the applicant fails to establish such *prima facie* case of 'non-use' of the trade mark, there would be no requirement for the Registered Proprietor (the 1st respondent) to show that it had used the mark in question during the relevant period. This principle is supported by the Law of Intellectual Property by Staniforth Ricketson – at para 37.17 at p. 730 where in the following was stated:
>
> > It is clear from the cases that there is an onus upon a s. 23 applicant to establish that there has been no use in good faith of the mark by the registered proprietor during the relevant period. Thus, if the applicant fails to establish a *prima facie* case of non-use, there is no requirement for the registered proprietor to show that it has used the mark upon any of the goods or services in question.

[31] Aside from the criticisms stated earlier, the market survey relied by Oishi Group in support of its case that Liwayway had not used its registered trade mark in respect of their registered goods in classes 29, 30 and 43 was defective for two reasons. Firstly, the market survey was in respect of class 30 goods only and secondly, the survey did not cover the requisite continuous period of three years up to one month before the date of the application.

[32] Oishi Group filed its action in the High Court on 19 February 2013. Section 46(1)(b) speaks of a period "up to one month before the date of the application a continuous period of not less than three years had elapsed". Therefore, the requisite or relevant period for the survey would be between 19 January 2010 and 19 January 2013.

[33] We have considered at the market survey report produced in the court below marked as exh. P3. We reproduce below the relevant parts of the report which merit consideration:

> 1.0 Instruction
>
> Instructions were received from Messrs Lee Hishammuddin Allen & Gledhill on 11 August 2011 for this office to conduct inquiries and market survey on any "Oishi" goods/products by Liwayway Marketing Corporation of Philippines. The goods are under Class 30; namely "coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparation made from cereals, bread, pastry and confectionery, ices, honey, treacle, yeast, baking powder, salt, mustard." The market survey is to be conducted in three (3) locations in Malaysia, namely Kiang Valley, Penang and Johor.
>
> ...
>
> 3.0 Methodology
>
> The market survey and inquiries were conducted based on the following methodologies:
>
> (i) Oishi product survey was conducted for a period of ten (10) days from 11 August 2011 to 22 August 2011, covering random locations in Kiang Valley, Penang and Johor.
>
> (ii) All locations visited were inspected for any Oishi products; at available food and beverages sections/aisles as well as other areas in the outlets.
>
> (iii) Proprietors, sales representatives, outlet supervisors and outlet managers were questioned and interviewed for any availability of Oishi products.
>
> (iv) Upon discovery of any Oishi products in the outlets, individuals managing the outlets would be questioned on the possible usage of the trademark, duration of trademark use, types of products it is used on, price ranges for the products and any other relevant information. Random inquiries would also be made to wholesalers.
>
> (v) Compiling of findings.
>
> (vi) Preparation of comprehensive market survey report.
>
> 4.0 Our Findings
>
> The survey was carried out in famous hypermarkets, supermarkets, mini-markets, chinese medical halls, convenience stores, wet markets and wholesalers with high density of customers in the location stipulated starting from the period 11 August 2011 to 22 August 2011. The survey includes the following areas:

Kiang Valley

(i) Shah Alam
(ii) Subang Jaya
(iii) Kelana Jaya
(iv) Petaling Jaya
(v) Batu Caves
(vi) Kepong
(vii) Selayang
(viii) Gombak
(xi) Setapak
(x) Melawati
(xi) Ampang
(xii) Bangsar
(xii) Brickfield
(xiv) Pandan Indah
(xv) Kota Damansara
(xvi) Taman Tun Dr. Ismail/ Damansara
(xvii) Kuala Lumpur City Centre

Johor Bahru

(i) Pandan Heights (Pasar Borong Pandan)
(ii) Kangkar Tebrau
(iii) Majidee
(iv) Permas Jaya
(v) Johor Jaya
(vi) Stulang Darat
(vii) Stulang Laut
(viii) Danga Bay
(ix) Perling
(x) Jalan Wong Ah Fook
(xi) Masai
(xii) Tampoi
(xiii) Skudai
(xiv) Bukit indah
(xv) Nusa jaya

Penang

(i) Georgetown
(ii) Jelutong
(iii) Air Itam
(iv) Bayan Baru
(v) Bayan Lepas
(vi) Sungai Pinang
(vii) Paya Terubong
(viii) Bukit Mertajam

A total of 260 outlets were visited during the market survey. The outlets visited were chosen randomly and is based on the outlet's popularity among consumers. Survey was conducted on beverages and food products shelves/isles. None were found carrying 'Oishi' products. Based on interview with outlet owners/employees, they not aware of any 'Oishi' products in the market."

[34] We agree with the submissions of learned counsel for Liwayway that the survey did not cover the entire period from 19 January 2010 to 19 January 2013. From the report it is clear that Dna Risk Sdn Bhd received instructions to carry out the survey on 11 August 2011 and it was concluded

on 22 August 2011. It covered a period of only 10 days. It did not reflect or answer the pertinent question of whether there was non use after 22 August 2011 and of the end of the three year period, 19 January 2013. On the above premise we hold that the survey is inconclusive and does not meet the threshold requirements as laid down in the Whitford guidelines.

[35] We further agree with the submission of learned counsel that this lack and insufficient coverage could only mean one thing, that is, Oishi Group had not discharged the burden of proving a *prima facie* case of non-use of Liwayway's registered trade mark in respect of the class of goods. That being the case, there was no requirement for Liwayway as the registered proprietor of the trade mark to show that it had used the trade mark upon any of the goods mentioned. (See: *E Toyo Global Stationery Sdn Bhd v. Toyo Ink Sdn Bhd & Anor (supra)*).

[36] Accordingly, we hold that the learned JC erred in finding that there was a *prima facie* case of non use and that the burden then shifted to Liwayway to prove use of the trade mark.

[37] In *Lam Soon Edible Sdn Bhd v. Hup Seng Perusahaan Makanan (M) Sdn Bhd* [2010] 5 CLJ 975. At p. 980 of the report, Azahar Mohamed J (as he then was) stated:

> [14] The applicant commenced the present action on 16 April 2009. For that reason, the relevant non-use period under s.46(1)(b) of the Act is from 16 March 2006 to 16 March 2009. In my view, the reports clearly do not comply with the minimum criteria set out in *Imperial Group (supra)* and they fall way short establishing a *prima facie* case of non-use of the respondent's NATURELL mark for the following reasons:
>
> (a) The first report – the period of non-use from February to 16 March 2009 was not covered by the first report. The letter from AC Nielsen Malaysia dated 20 March 2009 states that there was no use of the "NATURELL" mark on "Biscuit category" from February/March 2006 to December 2008/January 2009. The previously mentioned dates show that the report compiled by AC Nielsen Malaysia and assertion in encl. 2 are not reflective of the factual position or state of affairs at the time of the commencement of this proceeding. In the case of *Lim Yew Sing (supra)*, Mahadev Shankar, JCA said at pg. 793:
>
> Generally, let it be said that if a survey is to be of any use, it must fairly reflect the factual position at the time the application to expunge is made.

[38] The learned judge in the same case also pointed to various other flaws in the survey reports tendered by the applicant. At p. 981, the other flaws in the survey report were listed as:

> (b) The second report is fundamentally flawed for the reason that it does not cover the whole of Malaysia. The report is not statistically significant, as it does not represent the cross-section of the public in Malaysia as opposed to Peninsula Malaysia only;

A (c) There is no evidence the data compiled by The Neilson Company Malaysia and/or AC Neilsen Malaysia have been accepted as authoritative source of information or data by the court in Malaysia;

(d) There is no attempt on the applicant's part to introduce the background and brief credentials of the Nielsen Company Malaysia and AC Nielsen Malaysia;

B

(e) There is no evidence on how the report was derived or data was collected from;

(f) There is no evidence on the number, names and locations of supermarkets, hypermarkets, retail outlets, convenience stores and provisions store etc from which the data has been collected;

C

(g) There is no evidence that the said alleged data was collated from the outlets, which constitute a cross section of the relevant trade in Malaysia.

D **[39]** In the same vein, we find favour in learned counsel's submission that the learned JC erred in taking into consideration Liwayway's assertion of "use" of the trade mark and weigh the same including Liwayway's admission to the effect that it had temporarily ceased the use of its trade mark sometime in 2009 (which was outside the requisite three year period) 'to make readjustment in the formulation of their products to suit the local Malaysians as most of the target customers in Malaysia are the Malay Muslims' as stated in the first affidavit in reply of Liwayway affirmed by Helen Huang on 27 November 2013. Helen Huang also stated in her affidavit in reply that the temporary cessation was due to the application for halal certification.

E

F **[40]** This error on the part of the learned JC was perpetuated by the Court of Appeal in affirming the finding of the learned JC that there was a *prima facie* case of non use of the registered trade mark.

[41] In our view, both the High Court and the Court of Appeal had erroneously interpreted s. 46(1)(b) of Act 175. On the evidence and the factual matrix of the case, the pre-requisites of the aforesaid provision had not been satisfied.

G

[42] In the result, the appeal is allowed with costs and the decisions of the courts below are set aside. We also find it unnecessary to answer the questions posed.

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